

FISCAL NOTE

SB 726 - HB 1069

March 12, 1997

SUMMARY OF BILL: Adds *pre-paid telephone calling cards* to the definition of tangible personal property for sales tax purposes. Such cards are not currently taxed; use tax is collected on the long-distance service when the calling card is used.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Net Impact / Exceeds \$100,000

Increase Local Govt. Revenues - Net Impact / Exceeds \$40,000

Assumes an increase in state and local government sales tax revenues due to the collection of the tax on an estimated \$6 million in sales of such pre-paid calling cards. Such increase is estimated to be approximately \$360,000 to the state and \$135,000 to local governments. Such increase will be offset by the reductions in the use tax which would have been collected on the long-distance service when the calls were made using the calling cards in the absence of this bill. The amount of the use tax currently collected is not known, but can be estimated to exceed \$200,000 to the state and \$75,000 to local governments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director